



PROGRESSING WITH CHANGE

FGV HOLDINGS BERHAD
11th ANNUAL GENERAL MEETING

25 June 2019

2018: A watershed year for FGV

- 1 Appointed professional Board.**
- 2 A groupwide reboot.**
- 3 Strengthened leadership to drive transformation.**
- 4 Decision made to ‘bite the bullet’ and rationalise the value of past investments.**
- 5 Revised strategy with a longer term view on the industry and its sustainability.**

APPOINTED PROFESSIONAL BOARD

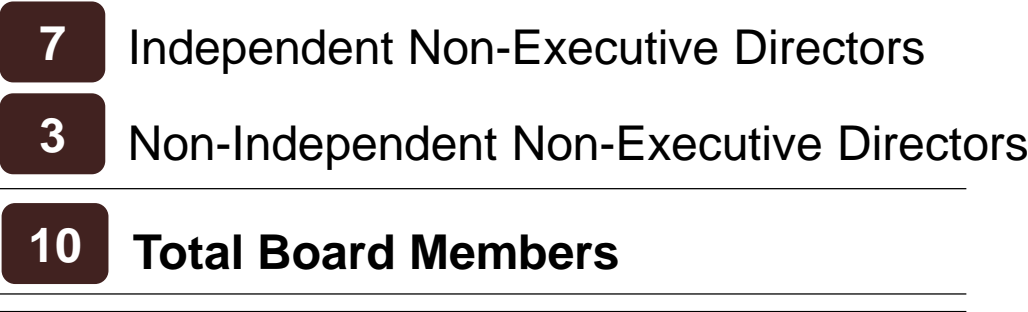
BOARD MEMBERS COMPOSITION



08 Sep 17	<ul style="list-style-type: none">• Datuk Wira Azhar Abdul Hamid Chairman, Non-Independent Non-Executive Director
26 Sep 18	<ul style="list-style-type: none">• Encik Mohd Hassan Ahmad Non-Independent Non-Executive Director
01 Oct 18	<ul style="list-style-type: none">• Dato' Dr. Othman Haji Omar Non-Independent Non-Executive Director
06 Sep 18	<ul style="list-style-type: none">• Dato' Yusli Mohamed Yusoff Senior Independent Non-Executive Director
20 Jan 15	<ul style="list-style-type: none">• Dato' Mohamed Suffian Awang Independent Non-Executive Director
31 Oct 17	<ul style="list-style-type: none">• Datuk Dr. Salmiah Ahmad Independent Non-Executive Director
31 Oct 17	<ul style="list-style-type: none">• Dr. Mohamed Nazeeb P.Alithambi Independent Non-Executive Director
23 Nov 17	<ul style="list-style-type: none">• Datuk Mohd Anwar Yahya Independent Non-Executive Director
01 Jan 18	<ul style="list-style-type: none">• Dr. Nesadurai Kalanithi Independent Non-Executive Director
06 Sep 18	<ul style="list-style-type: none">• Datin Hoi Lai Ping Independent Non-Executive Director

We enhanced our Board composition to represent the right mix of skills, experience and capacity, to create value, uphold the principles of good governance and safeguard the interests of all stakeholders.

Board Balance and Composition



Gender Diversity



A GROUPWIDE REBOOT

SPECIAL BOARD COMMITTEE (SBC)

SBC 1

Established in Jan 2018 to oversee past transactions which were not realising the desired rates of return.

SBC 2

Established in Jul 2018 to oversee senior management who were entrusted to run FGV.



CONCLUSIONS

- A leadership overhaul was urgently required to reverse FGV's fortunes.
- A transformation office was required to reset and reboot operations.
- The Group's strategy needed review and resetting.

** SBC 2 was dissolved upon the appointment of the interim CEO.*

STRENGTHENED LEADERSHIP TO DRIVE TRANSFORMATION

NEW LEADERSHIP TEAM



- **Dato' Haris Fadzilah Hassan**, Group Chief Executive Officer
- **Dato' Mohd Hairul Abdul Hamid**, Group Chief Financial Officer
- **Tuan Syed Mahdhar Syed Hussain**, Chief Operating Officer of Plantation / Chief Transformation Officer
- **Dato' Khairil Anuar Aziz**, Chief Operating Officer of Sugar
- **Encik Azman Ahmad**, Chief Operating Officer of Logistics
- **Encik Fakhrunniam Othman**, Chief Investment Officer
- **Encik Mazri Abdul Rahim**, Chief Human Resources Officer
- **Encik Wan Norman Nasir**, Chief Risk & Governance Officer
- **Ms Koo Shuang Yen**, Company Secretary
- **Puan Zalily Mohamed Zaman Khan**, Chief Internal Auditor
- **Puan Aznur Kama Azmir**, Group Financial Controller
- **Dr. Christina Ooi Su Siang**, Group Procurement Officer
- **Puan Nurul Hasanah Ahamed Hassain Halim**, Head Group Sustainability
- **Puan Nor Marhamah Yahya**, General Counsel

DECISION MADE TO 'BITE THE BULLET' AND RATIONALISE THE VALUE OF PAST INVESTMENTS

FY 2018 KEY HIGHLIGHTS



PLANTATION SECTOR

Replanting

- Completed felling of 15,039 Ha.
- Replanted 13,119 Ha of area.
- Improved age profile to 14.3 years (2017: 14.8 years)

Labour Improvement

- Improved labour requirement from less than 70% in 2017 to 88% in 2018.

Mechanisation Area

- Mechanised additional area of 16,500 Ha, with a total area of 96,500 Ha to improve in-field collection, and harvester's man to land ratio from 1:20 to 1:25.

Workers Housing Project

- A total of RM265 million was set aside to build 456 blocks of accommodation for workers, and we are on track to complete the project by end of 2019.

Mill Rationalisation

- Rationalised 1 mill, Lepar Utara 4 as part of the cost-rationalisation initiative.

Waste-to-Wealth

- Improved Shell Recovery Rate to 1.14% (2017: 1.0%).
- Produced 150,011 MT (2017: ~140,000 MT) of PKS for export markets e.g. Japan and Korea.

FY 2018 KEY HIGHLIGHTS



PLANTATION SECTOR

Development of High-margin products

- Completed development of Palm Kernel Cake (PKC) for animal feed, industrial margarine and blended oil for Downstream commercialisation.

Consolidation of Stock-keeping Unit (SKU)

- Reduced FMCG's SKU to 92 (2017: 143) for brand consolidation and economies of scale.

SUGAR SECTOR

Johor Refinery

- Completed construction of Johor refinery in Q4'18 to penetrate export markets in Southeast Asia and MENA region.

LOGISTICS SECTOR

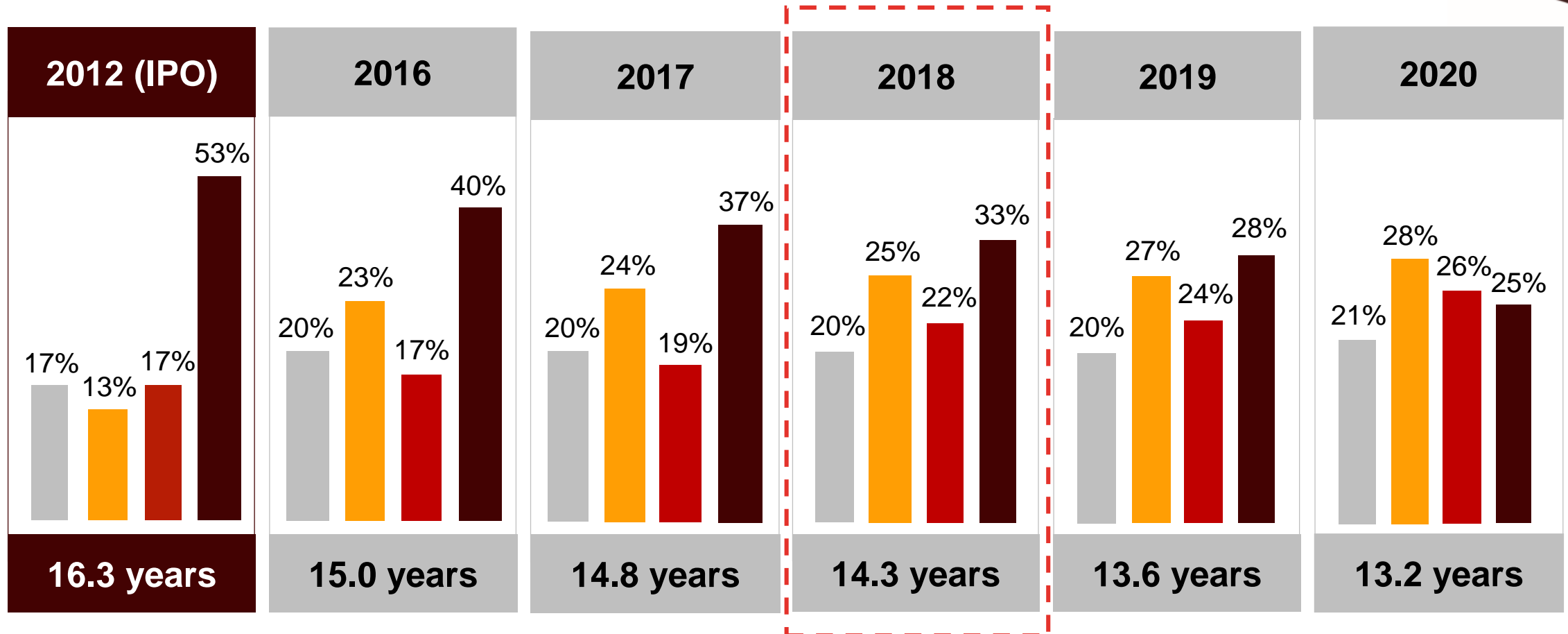
Logistics

- Upgraded fleet capability through the purchase of 10 units of prime movers to enhance transport capacity.

Storage Capacity

- Expanded storage capacity by 38,300 MT in Port Qasim, Pakistan with UF of 80% to serve the growing local market.

OIL PALM AGE PROFILE



**Age profile distribution and FFB production without M&A*

Immature (0 - 3)
 Young (4 - 9)
 Prime (10 - 20)
 Old (> 21)

HUMAN CAPITAL AND SUSTAINABILITY

Strengthening Our Identity

- Several steps taken to enhance our brand identity, with various initiatives being developed to strengthen FGV's brand positioning and visibility.
- Revived and renewed focus on our Core Values, namely, Partnership, Respect, Integrity, Dynamism, Enthusiasm (P.R.I.D.E)
- Developed a Central Idea Statement that articulates our push to create a high performance culture, focused on creating value and delivering results.

Mutual Separation Scheme

- A total of 667 employees accepted the Mutual Separation Scheme (MSS) offered by FGV – Total payout of RM72 mil.

RSPO / MSPO Certifications

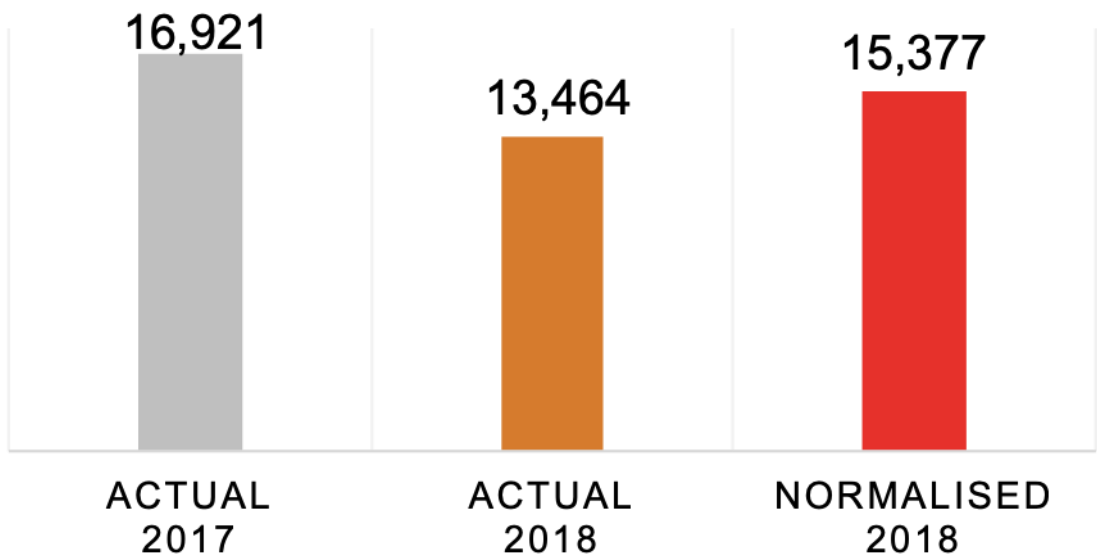
- Received RSPO certification for 14 mills and MSPO certification for 7 mills. To-date, 33 mills have been RSPO-certified and 21 mills have been MSPO-certified. We are on track to achieve full MSPO and RSPO certifications by end of 2019 and 2020, respectively.

FY 2018 GROUP FINANCIAL RESULTS



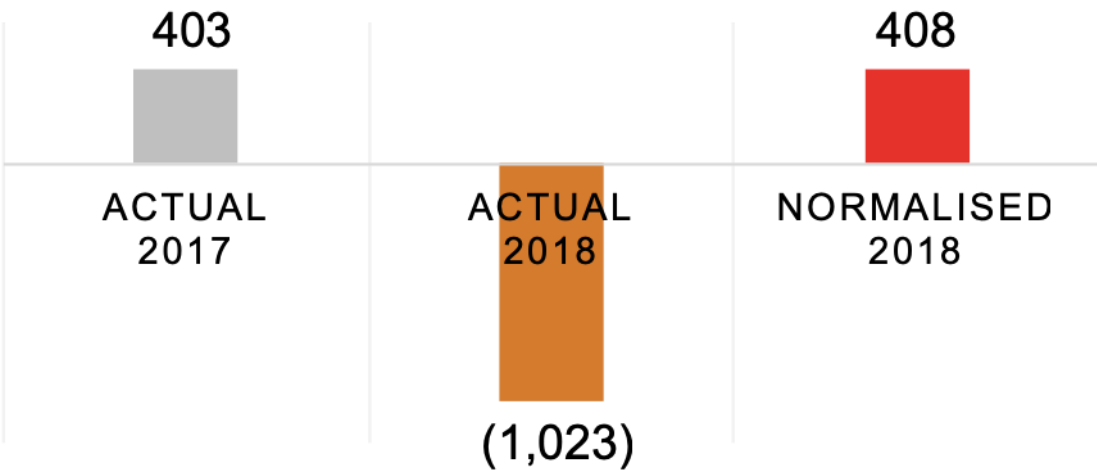
FGV	FY 2018	FY 2017	% Change
REVENUE	RM13,464 mil	RM16,921 mil	-20%
(L)/PBZT	RM(1,023) mil	RM403 mil	>-100%
(L)/PBZT (W/out Impairment and MSS)	RM(2) mil	RM519 mil	>-100%
Earnings Per Share	(29.6) sen	3.6 sen	>-100%
Dividend Per Share	0.0 sen	5.0 sen	-100%
Return on S/holders Fund	(24.13)%	2.33%	>-100%

FY 2018 GROUP FINANCIAL RESULTS



REVENUE (RM bil)

If CPO price were normalised to 2017 levels (RM2,792 per MT), FGV would have recorded revenues of RM15.38 billion in 2018.



(L)/PBZT (RM mil)

Without impairments and MSS provisions, and if CPO price were normalised to 2017 levels (RM2,792 per MT), FGV would have recorded a profit of RM408 million in 2018.

FY 2018 FINANCIAL RESULTS BY SECTORS



PLANTATION

REVENUE

RM10.23 billion

2017: RM8.51 billion

(L)/PBZT

(RM959.56) million

2017: RM520.69 million

SUGAR

REVENUE

RM2.20 billion

2017: RM2.66 billion

(L)/PBZT

RM58.67 million

2017: (RM1.88) million

LOGISTICS

REVENUE

RM1.03 billion

2017: RM5.76 billion

(L)/PBZT

RM44.39 million

2017: RM68.37 million

Plantation Sector results includes:

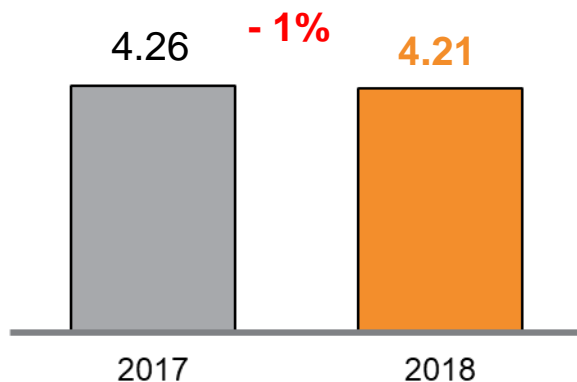
1. LLA commitment
 - RM248 mil fixed lease.
 - Share of profit RM55 mil.
2. Impairment of non-performing investments of RM762 mil (APL, FGVGE, FGVCNS).

FY 2018 OPERATIONAL HIGHLIGHTS

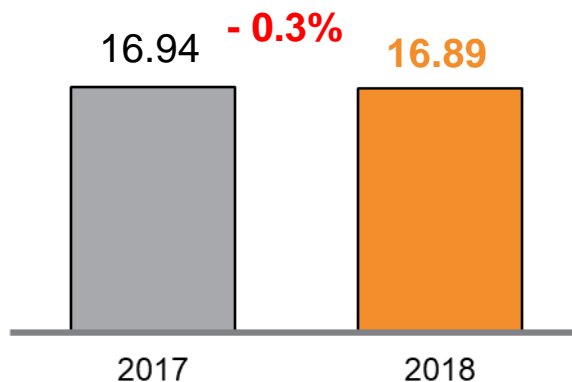


PLANTATION

**FFB Production
(mil MT)**

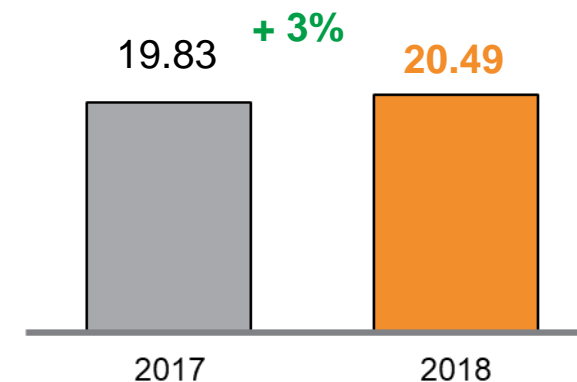


**FFB Yield*
(MT/Ha)**

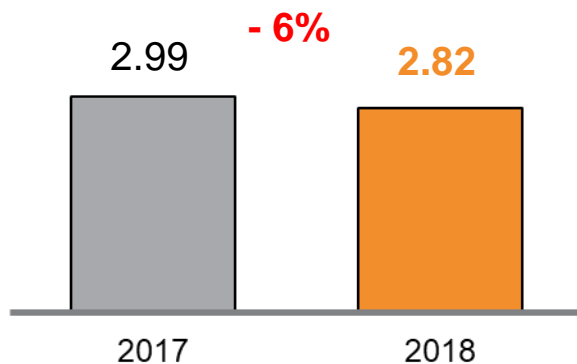


*Yield is based on normalised area.

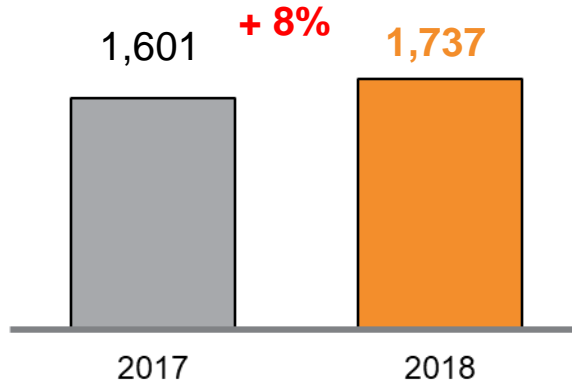
**OER
(%)**



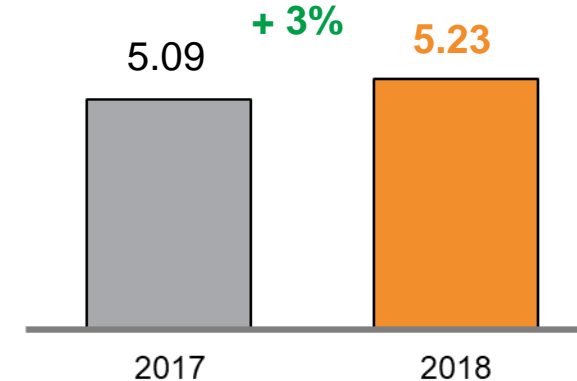
**CPO Production
(mil MT)**



**CPO Cost Ex-mill
(RM/MT)**



**KER
(%)**



REVISED STRATEGY WITH A LONGER TERM VIEW ON THE INDUSTRY AND ITS SUSTAINABILITY

BUSINESS PLAN 2019-2021 (BP 21)



Strategic Thrusts

2019

2020

2021

“Stop the Decline”

“Show Sustained Performance”

“Grow Effectively”



OPERATIONAL IMPROVEMENT

Improve Crop Recovery

Best Agricultural Practices, Structured Block Harvesting and Replanting

Improve Mill Efficiency and UF

Improve Mill Efficiency & Cost Competitiveness

Improve Rubber Factory Utilisation and Quality

Optimise Upstream and Enrich Downstream R&D



PRODUCT & MARKET DEVELOPMENT

Serve Larger Market & Improve Products Offerings in Food, Sugar, Agri-Products

Integrated and FMCG Logistics, E-Commerce

Optimise B10 & B7 Biodiesel

Specialty Oleochemicals & 2nd Gen Biodiesel



NEW GROWTH AREAS

Landbank Acquisition, Alternative Crops & Renewable Energy

Leverage our Assets to Diversify Into New Business Areas

Synergistic Collaboration, M&A



FINANCIAL & CAPABILITY BUILDING

Strengthen JV Terms, Enhance Sustainability effort & certification

Right Sizing & Right Fitting, Build Organizational Capability, Evaluate & Rewards Right

Strengthen Balance Sheet, Tighten Procurement, Management Information System



THANK YOU

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